



MAY 10, 2017

PROJECT NO: 16-102  
VIA US MAIL

**CERTIFIED MAIL NO. 7015 1520 0001 6043 0584**  
**RETURN RECEIPT REQUESTED**

Ms. Carol Stein  
U.S. Environmental Protection Agency – Region 2  
290 Broadway  
New York, NY 10007-1866

**CERTIFIED MAIL NO. 7015 1520 0001 6043 0553**  
**RETURN RECEIPT REQUESTED**

Ms. Dawn Henry, Esq.  
Virgin Islands Department of Planning and Natural  
Resources  
45 Mars Hill  
Frederiksted, VI 00840

**CERTIFIED MAIL NO. 7015 1520 0001 6043 0560**  
**RETURN RECEIPT REQUESTED**

Claude Walker, ESQ.  
Attorney General  
Department of Justice  
Office of the Attorney General  
334-38 Kronprindsens Gade  
GERS Building, 2nd Floor  
St. Thomas, Virgin Islands 00802

**RE: Proposed 2017 Budget; Revision 2**  
**Bankruptcy Case No. 1: 15-bk-10003-MFW; EPA ID No. VID980536080**

Dear Ms. Stein, Ms. Henry, Mr. Walker:

In accordance with Section 3.2 of the February 17, 2016 ERT Agreement, the HOVENSA Environmental Response Trust (ERT) submitted an estimated budget of known costs for calendar year 2017. The estimated budget was originally submitted on November 18, 2016, and a revised budget was submitted via e-mail on December 14, 2016. Enclosed please find a second revision of the proposed budget. Please note that estimated budget amounts have not changed from the December 14, 2016 submittal and the only change is the removal of the column heading "Funding Source" on the enclosed **Table 1**.

Written approval from the US Department of Justice was received on May 5, 2017, and it is the ERT's understanding that written approval from the US Environmental Protection Agency, the Virgin Islands Department of Planning and Natural Resources and the Virgin Islands Department of Justice is forthcoming. Please contact Carey Guilbeau at (340) 692-3179 with any questions or requests for additional information.

**HOVENSA Environmental Response Trust**

Ms. Stein, Ms. Henry, Mr. Walker  
US EPA, VI DPNR, US DOJ, VI AG

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Sincerely,



Roberto Puga, P.G.

Principal of Project Navigator Ltd., solely in its capacity as Trustee for the HOVENSA Environmental Response Trust

Enclosure

cc: Mr. Nidal Azzam, EPA Region 2  
Ms. Amy Chester, EPA Region 2  
Mr. William Sawyer, EPA Region 2  
Ms. Flaire Mills, EPA Region 2  
Mr. Jim Casey, EPA Region 2  
Mr. Norman Williams, VIDPNR  
Ms. Mary Koks, Munsch Hardt Kopf & Harr  
Mr. David Bennett, GES

Section Chief  
Environmental Enforcement Section  
Environment and Natural Resources Division  
U.S. Department of Justice  
P.O. Box 7611  
Ben Franklin Station  
Washington, DC 20044-7611  
Ref: DOJ No. 90-5-2-1-08229/2

Chief, Special Projects Branch  
Emergency and Remedial Response Division  
EPA Region 2  
290 Broadway  
New York, NY 10007

Chief, Waste and Toxic Substances Branch  
Office of Regional Counsel  
EPA Region 2  
290 Broadway  
New York, NY 10007

Mr. Donald G. Frankel  
Senior Counsel  
Environmental Enforcement Section  
Department of Justice  
408 Atlantic Avenue  
Second Floor  
Boston, MA 02110

Table 1. HOVENSA Environmental Response Trust 2017 Budget

DRAFT

Please note this table represents the proposed ERT budget for 2017 and was originally submitted on 11/18/16. Expenditures are tracked and recorded in a separate system.

Revised: 12/14/16 (changes in blue) & 5/5/17

Approval Authority	ERT Account	ERT Agreement Wind Down Estimate Line Items		ERT Account				RCRA Financial Assurance Trusts				Limetree				2017 Totals	Consent Decree Escrow
				Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2017	Q2 2017	Q3 2017	Q4 2017		
EPA	Remediation	1	PRPP - OWS Testing & Repair									\$44,250	\$44,250	\$44,250	\$44,250	\$177,000	
EPA	Remediation	2	Scrap Metal / Recycle Yard Management									\$465,000	\$465,000	\$465,000	\$465,000	\$1,860,000	
EPA	Remediation	3	Asbestos Landfill									\$5,000				\$5,000	
EPA	Remediation	4	Corrective Action / Remediation / Hydrocarbon Recovery					\$497,000	\$497,000	\$497,000	\$497,000	\$72,000	\$72,000	\$72,000	\$72,000	\$2,276,000	
EPA	Remediation	5	Landfarm 1 Post-Closure					\$200	\$27,380	\$200	\$27,380					\$55,160	
EPA	Remediation	6	Landfarm 2 & 3 / RCRA Permit					\$150,000		\$371,000	\$371,000	\$179,000	\$179,000			\$1,250,000	
DPNR	Remediation	7	TPDES													\$0	
EPA	Remediation	8	WWT (Primary & Secondary) <sup>3</sup>					\$525,000	\$525,000	\$525,000	\$525,000					\$2,100,000	
US DOJ/VI AG <sup>1</sup>	Administrative	9	Data & Records Management & Retention											\$50,000		\$50,000	
DPNR	Remediation	10a	Consent Decree - VI TSEP <sup>2</sup>													\$0	\$4,875,000
EPA		10b	Consent Decree - WAPA Project <sup>2</sup>	\$105,330	\$105,330	\$103,830	\$103,830									\$418,320	
DPNR	Remediation	Line 11	Air Permitting / Title V													\$0	
EPA	Remediation	Lines 12 - 24	Tier II, TRI / EI, TSCA, BWON, GHGs, CEMs, Boiler MACT, LDAR, Refinery MACTs, Regional Haze, SO2 non-attainment, SOCFI-HON, Tank Requirements													\$0	
EPA / DPNR	Remediation	Line 25	Potable Water / SDWA													\$0	
US DOJ/VI AG <sup>1</sup>	Administrative	26	Utilities: Electric													\$0	
US DOJ/VI AG <sup>1</sup>	Administrative	27	Utilities: Compressed Air & Water									\$12,501	\$12,501	\$12,501	\$12,501	\$50,004	
US DOJ/VI AG <sup>1</sup>	Administrative	28	Security													\$0	
US DOJ/VI AG <sup>1</sup>	Administrative	29	Business Operating Expenses									\$30,000	\$45,000	\$30,000	\$30,000	\$135,000	
DPNR	Remediation	30	PLL Insurance Premium													\$0	
US DOJ/VI AG <sup>1</sup>	Administrative	31	Fees for Trust and Trustee									\$44,100	\$44,100	\$44,100	\$44,100	\$176,400	
DPNR	Remediation	N/A	Marine Impact Study	\$110,000												\$110,000	
TOTALS				Q1 2016 \$215,330	Q2 2016 \$105,330	Q3 2016 \$103,830	Q4 2016 \$103,830	Q1 2016 \$1,172,200	Q2 2016 \$1,049,380	Q3 2016 \$1,393,200	Q4 2016 \$1,420,380	Q1 2016 \$851,851	Q2 2016 \$861,851	Q3 2016 \$717,851	Q4 2016 \$667,851		\$4,875,000
2017 ERT BUDGET (Excludes VI TSEP)																\$8,662,884	

Notes:

<sup>1</sup> This approval requirement (Section 7.13.5 of the ERT Agreement) is interpreted to mean the U.S. represented by U.S. DOJ and the VI represented by the Virgin Islands Attorney General.

<sup>2</sup> These expenditures are subject to the terms of the Consent Decree between HOVENSA, L.L.C. and the United States of America (Civil Action No. 1:11-cv-00006)

<sup>3</sup> The ERT has been reviewing alternative options for WWT and will continue to review alternative options in 2017.